

Message Text

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70

ACTION EUR-12

INFO OCT-01 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-01 H-01 INR-05 INT-05 L-02 LAB-04 NSAE-00

NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15 STR-01

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 SWF-01

FEA-01 SAM-01 SIL-01 SAJ-01 /089 W

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R 051723Z DEC 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7949

INFO ALL EC CAPITALS 129

AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USMISSION NATO

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E.O. 11652: N/A

TAGS: PFOR, EEC, ETRD, COMECON

SUBJECT: EC/EASTERN EUROPE: RECENT DEVELOPMENTS

REF: A. EC BRUSSELS B. EC BRUSSELS 8324

C. EC BRUSSELS 8945 (NOTAL)

1. BEGIN SUMMARY: EC COMMISSION PRESIDENT ORTOLI
RESPONDED ON NOVEMBER 14 TO THE INVITATION OF SECRETARY
GENERAL FADEYEV OF COMECON AND HAS PROPOSED THE OPENING OF
PREPARATORY TALKS AT THE EXPERT LEVEL PRIOR TO A
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HIGH-LEVEL MEETING (SEE REF A). ORTOLI HAS SUGGESTED THE

TALKS CONSIDER THE EXCHANGE OF STATISTICAL INFORMATION AND INFORMATION ON ECONOMIC PERSPECTIVES FOR THE MIDDLE AND LONG TERM (INCLUDING PROJECTIONS OF PRODUCTION AND CONSUMPTION). THE EC COUNCIL, AT ITS DECEMBER 2-3 MEETING, APPROVED THE LIST OF QUANTITATIVE RESTRICTIONS WHICH ARE TO BE APPLIED BY THE COMMUNITY TO IMPORTS FROM THE STATE-TRADING COUNTRIES AFTER JANUARY 1, 1975. END SUMMARY.

2. ORTOLI REPLIES TO FADEYEV INVITATION: THE MISSION HAS OBTAINED A COPY OF EC COMMISSION PRESIDENT ORTOLI'S NOVEMBER 14 REPLY TO COMECON SECRETARY GENERAL FADEYEV'S INVITATION FOR TALKS IN MOSCOW. IN HIS RESPONSE ORTOLI WELCOMED THE COMECON APPROACH AND PROPOSED PREPARATORY TALKS TO BE HELD EITHER IN MOSCOW OR BRUSSELS BETWEEN OFFICIALS OF THE EC COMMISSION AND COMECON. SUCH TALKS, THE LETTER CONTINUED, WOULD PREPARE THE WAY FOR A VISIT TO MOSCOW BY EITHER ORTOLI OR SIR CHRISTOPHER SOAMES, COMMISSION VICE PRESIDENT FOR EXTERNAL AFFAIRS. ORTOLI'S LETTER INDICATED ACCEPTANCE BY THE COMMISSION OF THE SUBJECTS SUGGESTED BY FADEYEV (COMMERCIAL COOPERATION, SCIENTIFIC AND TECHNICAL COOPERATION AND EXCHANGE OF DOCUMENTS ON MATTERS OF MUTUAL INTEREST). IT FURTHER SUGGESTED DISCUSSIONS ON THE EXCHANGE OF (1) STATISTICAL INFORMATION AND (2) INFORMATION ON MIDDLE AND LONG TERM ECONOMIC PERSPECTIVES, INCLUDING PROJECTIONS OF PRODUCTION AND CONSUMPTION. ORTOLI HAS, AS YET, RECEIVED NO RESPONSE FROM FADEYEV. (MISSION TRANSLATION OF THE ORTOLI LETTER WILL BE SENT VIA POUCH TO EMBASSY MOSCOW AND TO THE DEPARTMENT--EUR/RPE FOR MCCARTHY.)

3. EC QUANTITATIVE RESTRICTIONS ON IMPORTS AFTER JANUARY 1, 1975: THE EC FOREIGN MINISTERS AT THEIR DECEMBER 2-3 MEETING GAVE FINAL APPROVAL TO A LIST OF QUANTITATIVE RESTRICTIONS WHICH WILL BE APPLIED TO IMPORTS FROM THE STATE-TRADING COUNTRIES WHEN THE "AUTONOMOUS" EC COMMERCIAL POLICY TAKES EFFECT ON JANUARY 1, 1975. THESE QR'S, WHICH ARE NOT BEING PUBLISHED, REPRESENT A "PICTURE" OF THE EXISTING BILATERAL QUANTITATIVE RESTRICTIONS UNDER A COMMUNITY BLANKET. LIMITED OFFICIAL USE

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THE MISSION HAS OBTAINED A COPY OF THE RELEVANT DOCUMENT (NEARLY 150 PAGES LONG) WHICH IS BEING POUCHED TO THE DEPARTMENT (EUR/RPE FOR MCCARTHY).

4. MODEL BILATERAL AGREEMENT: AS REPORTED IN REFS B AND C THE COMMISSION HAS COMPLETED DISPATCH OF THE EC MODEL BILATERAL TRADE AGREEMENT TO ALL STATE-TRADING COUNTRIES WHICH PREVIOUSLY HAD TRADE AGREEMENTS WITH

EC MEMBER STATES. AS YET, NO RECIPIENT HAS COME FORWARD ASKING FOR NEGOTIATIONS. AS WE PREVIOUSLY REPORTED, THERE WERE SOME DIFFICULTIES IN EFFECTING DELIVERY TO THE STATE-TRADING COUNTRIES OF THE MODEL AGREEMENT AND ACCOMPANYING DECLARATIONS AND THERE HAVE BEEN RECENT INDICATIONS THAT SOME EASTERN EUROPEAN COUNTRIES (E.G. HUNGARY--SEE GENEVA 7139) HAVE DECIDED NOT TO SEEK NEW TRADE AGREEMENTS AT THIS TIME.

5. COMMENT: THE COMMISSION DOES NOT SEEM PARTICULARLY DISAPPOINTED BY THE LACK OF POSITIVE RESPONSE TO ITS PROPOSED BILATERAL AGREEMENT NOR OVERLY OPTIMISTIC ABOUT THE SPEED WITH WHICH RELATIONS WITH COMECON, AS AN ORGANIZATION, ARE LIKELY TO DEVELOP. OUR COMMISSION SOURCES CONTINUE TO FEEL THAT MOST OF THE PRESSURE FOR WRITTEN TRADE AGREEMENTS HAS IN THE PAST COME FROM THE EASTERN SIDE. THEY SPECULATE THAT PERHAPS THE STATE-TRADING COUNTRIES WANT TO SEE HOW THE INTERIM REGIME OPERATES AFTER JANUARY 1, 1975 BEFORE MOVING FURTHER. MYERSON

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